

Office of State Uniform Payroll	
Procedure Title: Voluntary Benefits (Insurance Products) Vendor Refund Requests	Revision Date: 10/29/2018
	Issue Date: 09/30/2017
Unit: Benefits and Financial Administration Unit	Page Number: 1 of 2
Contact: _DOA-OSUP-BFA@la.gov	

**Effective January 1, 2019, it is OSUP Policy that agencies are responsible for entering refunds in LaGov HCM for all Statewide Vendor products regardless of Flexible Benefits Plan (FBP) participation.**

Occasionally statewide vendor deduction refunds may need to be processed to an employee when an incorrect amount has been withheld or when an employee did not qualify for a policy but deductions have already been withheld (e.g. life insurance).

Agencies are notified of the need to process a refund for a statewide vendor product by the statewide vendor. These requests must be submitted by the vendor on an SED-5 form. Agency personnel must first verify the refund amount prior to system entry. The “incorrect semi-monthly deduction” amount should equal what was actually deducted under that product code between the dates for which the refund is being requested. An updated, signed SED-4 form is required for a change in the total deduction amount.

If an employee’s application for a Statewide Vendor policy is denied through underwriting after the deduction has started, the vendor can forward a letter, on company letterhead, to the appropriate agency advising the agency that the employee’s policy was not issued. An updated SED-4 (removing the policy that was not issued and listing all other active payroll deducted policies) must be attached to the letter to satisfy the signed SED—4 requirement. If a refund is needed then the Vendor must submit an SED-5 Refund/Credit Request form to the agency with the refund amount indicated.

If an employee submits a written, dated, signed request to the vendor to cancel a policy, a copy of this dated and signed letter can be attached to an updated SED-4 (removing the cancelled policy and listing all other active payroll deducted policies) and forwarded to the appropriate agency from the vendor to satisfy the signed SED-4 requirement.

#### **Agency Action:**

1. Upon receipt of proper notification from the vendor, determine if the employee is allowed to receive the refund under IRS Code Section 125 due to FBP participation. Pre-tax premium dollars cannot be refunded to employees unless a qualified life event (QLE) has occurred or there was an administrative error in the deduction amount.
2. If a refund is appropriate, process the refund through LaGov HCM using the code under which it was deducted. If the employee is not allowed, by the IRS Section 125 regulations, to have the refund of premium, please contact the FBP Administrator for further instructions.
3. When an updated authorization form (SED-4) signed by the employee is received, change or stop the employee’s deduction accordingly. ***If the refund was required because of incorrect semi-monthly deductions, this amount should be corrected immediately to prevent future refunds.*** If an agency or any employee receives a refund check from a statewide vendor, the agency must return the check to the vendor and process the refund through LaGov HCM if all documentation required (employee name, social security number, agency, amount of refund, reason for refund, and premium time

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period) can be obtained from the refund check and accompanying correspondence. If all relevant information is not available, the agency should contact the vendor for the necessary data. ***The vendor is responsible for informing the employee of the overpayment.***

To avoid the possibility of additional work for the agency due to not receiving a signed SED-4 from the employee when there is an incorrect semi-monthly deduction, a standard form letter with a copy of the unsigned SED-4 received from the vendor should be forwarded by the agency to the employee with a brief statement about the change.

Agencies should run ZP255 “Miscellaneous Plan Participation Report” to compare the codes and amounts that were deducted during the refund period to the information on the SED-5 form. If the amounts do not agree, the agency must contact the person by whom the refund was requested or the Billing Coordinator to resolve the discrepancy.

**Note:** Any changes to a deduction being withheld under the FBP will need OGB approval and will require the agency to submit a LaGov HCM [Help Desk Ticket](#) for entry. Flex Plan deductions cannot be cancelled without a QLE or an administrative error.

After the refund amount has been verified, follow the Online Help Script in LaGov HCM “[Adjustments/Delimits for Statewide Misc Products](#)” to make changes to the deduction accordingly.

**Note:** Statewide products were moved from Infotype 0014 (Recurring Payments/Deductions) to Infotype 0377 (Miscellaneous Plans) effective 8/31/15. If part or all of the adjustment is applicable PRIOR to 8/31/15, submit a LaGov HCM [Help Desk Ticket](#) for further processing.